



RRSP Turns 65 This Year: 1 Key Date to Remember

Description

The Registered Retirement Savings Plan (RRSP) is the original investment account of Canadians saving for the future or building retirement wealth. It was introduced in 1957, and the [ultimate tax shelter](#) is turning 65 years old this year.

Besides cash, RRSP users can hold income-producing assets like bonds, GICs, mutual funds, ETFs, and stocks in their accounts. The best part is that investments can grow tax free for years.

Long-term accountholders usually make withdrawals upon retirement or when their marginal tax rate is low. However, many use the account for income tax purposes, because you can deduct contributions in any calendar year from taxable income.

Key date

With another tax season fast approaching, the Canada Revenue Agency (CRA) wants to remind users about the key date for the RRSP. If you want higher deductions from taxable income from your 2021 taxable income or bigger tax savings, the deadline for contribution is March 1, 2022.

Some users with reduced taxes or those belonging to lower tax brackets should make contributions to get the deduction in future years when income is higher. If you're a TFSA user, too, contribute to your RRSP before the deadline, then put the tax refund in your TFSA.

Top RRSP stocks

The most recent survey of **Royal Bank of Canada** showed that more than 50% of Canadians are using their RRSPs. Furthermore, the [threat of rising inflation](#) has prompted younger folks to focus on investing.

Among the top options for RRSP investors today are **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), **Imperial Oil** ([TSX:IMO](#))([NYSE:IMO](#)), and **Nexus** ([TSX:NXR.UN](#)). Each one has distinct qualities that

make them ideal candidates for long-term hold.

Distinct qualities

BMO is TSX's dividend pioneer. Canada's fourth-largest bank started the practice of sharing a portion of profits with shareholders in 1829, and the track record is nearing 200 years. In the most recent earnings season, the \$94.81 billion bank announced a 25% dividend hike — the highest percentage increase among the [Big Six](#) banks.

As of January 28, 2022, BMO trades at \$144.31 per share (+5.96% year to date) and pays a 3.69% dividend. The total return in the last 49.16 years is 31,041.31% (12.39% CAGR). If you buy the bank stock today, you don't have to think about selling.

Imperial Oil's dividend track record is more than 140 years. Likewise, the energy stock's dividend-growth streak is 26 years. At \$51.89 per share (+13.74% year to date), the one-year trailing price return is 118.12%. You can partake of the safe and sustainable 2.08% dividend.

Wall Street analysts expect the \$36 billion oil sands producer and **ExxonMobil** subsidiary to report significant revenue and earnings growth in Q4 2021. Some analysts estimate the year-over-year growth in quarterly earnings to be 5,600%. The top line could soar nearly 121% versus Q4 2020.

Nexus was among the top-performing real estate investment trusts (REITs) in 2021. Investors are happy with the 88.66% total return (23.47% CAGR) in 3.01 years. At \$11.69 per share, the \$666.86 million growth-oriented REIT also pays a generous 5.47% dividend. Nexus should attract more investors in 2022, as it moves to increase its industrial property portfolio.

Don't miss the deadline

RRSP contribution limits increase every year. For 2021 taxation year, the limit is 18% of earned income up to a maximum of \$27,830. However, if you miss the March 1st deadline this year, you're not eligible for tax deduction.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BMO (Bank Of Montreal)
4. TSX:IMO (Imperial Oil Limited)
5. TSX:NXR.UN (Nexus Real Estate Investment Trust)

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